TIMKEN CO
Form S-3/A
January 29, 2003

As filed with the Securities and Exchange Commission on January 29, 2003

Registration Statement No. 333-100731

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549-1004

Amendment No. 3

to

Form S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

The Timken Company

(Exact Name of Registrant as Specified in its Charter)

Ohio	**34-0577130**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

The Timken Company

1835 Dueber Avenue, S.W.
Canton, Ohio 44706-2798
(330) 438-3000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Scott A. Scherff

Corporate Secretary and Assistant General Counsel
The Timken Company
1835 Dueber Avenue, S.W.
Canton, Ohio 44706-2798
(330) 438-3000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies To:

Christopher M. Kelly

Jones Day
901 Lakeside Avenue
Cleveland, Ohio 44114
(216) 586-3939

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. þ

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Registration Statement contains (1) a prospectus supplement which, together with the prospectus contained herein, will be utilized in connection with offers and sales of common stock registered under this Registration Statement, and (2) the alternate pages of a prospectus supplement, which, together with the prospectus contained herein, will be utilized in connection with offers and sales of senior unsecured notes registered under this Registration Statement.

Subject to Completion
Preliminary Prospectus Supplement dated January 29, 2003

PROSPECTUS SUPPLEMENT
(To prospectus dated , 2003)

11,000,000 Shares

The Timken Company

Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol TKR. The last reported sale price for our common stock on January 27, 2003 was $18.15 per share.

We will use the net proceeds from this offering to finance a portion of the cost of acquiring the Engineered Solutions business of Ingersoll-Rand Company Limited. The closing of this offering is conditioned upon the closing of that acquisition.

Concurrently with this offering of common stock, we are offering, by means of a separate prospectus supplement, up to $ million aggregate principal amount of our senior unsecured notes to finance a portion of the acquisition mentioned above. We refer to you to Prospectus Supplement Summary Concurrent Notes Offering in this prospectus supplement. The closing of this offering is not conditioned on the closing of the notes offering.

Investing in our common stock involves risks. See Risk Factors beginning on page S-17 of this prospectus supplement.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Timken	$	$

The underwriters may also purchase up to an additional 1,650,000 shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock on or about , 2003.

Joint Book-Running Managers

Merrill Lynch & Co. **JPMorgan**

Morgan Stanley

McDonald Investments Inc.

Wachovia Securities

CIBC World Markets

HSBC

SunTrust Robinson Humphrey

BB&T Capital Markets

The date of this prospectus supplement is , 2003.

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Prospectus Supplement

Prospectus

We have not authorized anyone to provide you with any information other than the information contained, incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus. This document may only be used where it is legal to sell the common stock.

This prospectus supplement is part of, and you should read it in conjunction with, the accompanying prospectus. Unless the context otherwise requires, references in this prospectus supplement to Timken, we, us and our and similar references refer to The Timken Company, a Ohio corporation, and its consolidated subsidiaries.

This prospectus supplement contains some of our trademarks and trademarks of The Torrington Company or its affiliates. Each trademark, trade name or service mark of any other company appearing in this prospectus supplement belongs to its respective holder.

Market and industry data used throughout this prospectus supplement, including information relating to market share and trends, is based on our good faith estimates. These estimates were based on our review of internal surveys, independent industry publications and other publicly available information. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934 and, in accordance with these requirements, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Reports, proxy statements and other information filed by us can be inspected at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Copies of these materials can also be obtained from the Public Reference Section of the SEC at the address mentioned above at prescribed rates.

The SEC also maintains a website that contains reports, proxy and information statements and other information regarding companies like us that file electronically with the SEC. The address of the SEC s website is *www.sec.gov*. Reports, proxy statements and other information concerning our business may also be inspected at the offices of the New York Stock Exchange, on which our common stock is listed, at 20 Broad Street, New York, New York 10005. This information may also be obtained from us as described below.

The SEC allows us to incorporate by reference the information we file with it into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to those documents, and those documents will be considered part of this prospectus supplement and the accompanying prospectus. Information that we file later with the SEC will automatically update and supercede the previously filed information. We incorporate by reference in this prospectus supplement and the accompanying prospectus each of the documents listed below and any future filings that we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (Commission File No. 1-1169) (1) after the date of the filing of the registration statement of which this prospectus supplement is a part and prior to its effectiveness and (2) until this offering has been completed:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

Those portions of our Annual Proxy Statement dated February 20, 2002 that are incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002.

Our Current Reports on Form 8-K filed with the SEC on January 22, 2002, February 19, 2002, February 22, 2002, March 20, 2002, April 8, 2002, April 15, 2002, April 16, 2002, May 20, 2002, June 17, 2002, July 17, 2002, July 19, 2002, August 7, 2002, August 15, 2002, September 23, 2002, October 16, 2002, October 17, 2002, October 18, 2002, November 19, 2002, December 24, 2002 and January 22, 2003.

The description of our common stock contained in our registration statement filed under the Exchange Act and any amendments and reports filed for purposes of updating that description.

We will provide you at no charge, upon request, with a copy of these filings, or any or all of the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, other than exhibits to those documents unless the exhibits are specifically incorporated by reference into those documents or specifically referred to in this prospectus supplement or the accompanying prospectus. Requests should be directed to:

The Timken Company

1835 Dueber Avenue, S.W.
Canton, Ohio 44706-2798
Attention: Corporate Secretary
(330) 438-3000

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights basic information about us, the Torrington acquisition described below and the common stock that we are offering. You should carefully read this entire prospectus supplement, along with the accompanying prospectus, including the financial data and other information included and incorporated by reference, before making an investment decision.

The Timken Company

We are a leading global manufacturer of highly engineered bearings, alloy and specialty steel and related components. We are the world s largest manufacturer of tapered roller bearings and alloy seamless mechanical steel tubing and the largest North American-based bearings manufacturer. We have facilities in 27 countries on six continents, and we employed approximately 18,000 people as of December 31, 2002.

We had net sales of $2.5 billion, $2.6 billion and $2.4 billion for the years ended December 31, 1999, 2000 and 2001 and $1.9 billion for the nine months ended September 30, 2002. We reported income (loss) before cumulative effect of change in accounting principle of $62.6 million, $45.9 million and ($41.7 million) for the years ended December 31, 1999, 2000 and 2001 and $15.0 million for the nine months ended September 30, 2002. We manufacture two basic product lines: anti-friction bearings and steel products, and we report our business in three segments: automotive bearings, industrial bearings and steel. Automotive bearings, industrial bearings and steel represented 31%, 36% and 33%, respectively, of our net sales for the year ended December 31, 2001 and 33%, 35% and 32%, respectively, of our net sales for the nine months ended September 30, 2002.

In the bearing industry, we are best known for our principal product, the tapered roller bearing, which was originally patented in 1898 by our founder, Henry Timken. Our tapered roller bearings are used in a wide variety of products and applications, including passenger cars, trucks, aircraft wheels, locomotives and railroad cars and equipment for agriculture, construction, mining, pulp and paper processing, power generation, metal processing and metal mills. We also produce high-quality spherical and cylindrical roller bearings for large gear drives, rolling mills and other process industry and infrastructure development applications. In addition, our aerospace and super precision facilities produce high-performance ball and cylindrical bearings for ultra high-speed and high-accuracy applications. These types of bearings are used in aircraft and helicopter engines, gear boxes, transmissions, flight and fuel controls, missile guidance systems, dental handpieces, robotic equipment and semiconductor manufacturing equipment. A small part of our business involves providing bearing reconditioning services for industrial and railroad customers, both internationally and domestically.

Our steel products include steels of intermediate alloy, low alloy and carbon grades. We also make vacuum processed specialty steels. Our steel products are available in a wide range of solid and tubular sections with a variety of lengths and finishes. We sell our steel products, including semi-finished and finished precision steel components, to other anti-friction bearing companies and to companies in the automotive, tooling, aerospace, forging and oil and gas drilling industries, and to steel service centers. For the year ended December 31, 2001, approximately 15% of our steel production was consumed in our bearings operations.

Maintaining high standards of product quality and reliability while keeping production costs competitive is essential to our ability to compete with domestic and international manufacturers in both the anti-friction bearing and steel businesses. Beginning in the second quarter of 2001, we undertook an aggressive transformation of our manufacturing operations, which we refer to as our strategic manufacturing initiative, to allow us to more profitably execute our business strategies described below. The principal objectives of our strategic manufacturing initiative, attained primarily through internal cost cutting and reorganization, are creating focused factories for each product line or component; reducing our fixed costs; increasing production at our lowest cost plants; and implementing a more efficient, higher quality manufacturing process through a program we call Lean Six Sigma. As of December 31, 2002, we had achieved an estimated annualized rate of pre-tax savings of approximately $80 million from our strategic manufacturing initiative, and we expect to increase this savings rate to approximately $120 million by the end of 2004. See Business Overview Strategic Manufacturing Initiative.

The Torrington Acquisition

On October 16, 2002, we entered into a stock and asset purchase agreement, which we refer to as the purchase agreement, with Ingersoll-Rand Company Limited, which we refer to as Ingersoll-Rand, to acquire its Engineered Solutions business, including certain of its joint venture interests, operating assets and subsidiaries, including The Torrington Company. We refer to the business to be acquired as Torrington and to the acquisition as the Torrington acquisition. We will pay Ingersoll-Rand $700 million in cash, subject to adjustment, and approximately $140 million in shares of our common stock for Torrington, a leading worldwide producer of needle roller, heavy-duty roller and ball bearings and motion control components and assemblies. Upon completion of the Torrington acquisition, we will have global leadership positions in the needle and tapered roller bearing and alloy steel industries. The closing of this offering is contingent upon the closing of the Torrington acquisition. See Risk Factors Risks Related to the Torrington Acquisition and Description of the Torrington Purchase Agreement and Related Agreements in this prospectus supplement.

Torrington

Torrington has been a leader in the bearing industry for over 100 years and is a leading manufacturer of needle roller bearings. It produces a wide range of bearings sold under a number of brand names, including Torrington needle roller bearings, Torrington heavy-duty roller bearings, Nadella precision needle roller bearings and linear motion solutions and Fafnir ball bearings and housed units. Torrington also produces a variety of precision motion control components and assemblies, such as steering shaft assemblies and steering column shafts. Torrington sells its products directly or through authorized distributors to automotive and industrial manufacturers, as well as to aftermarket users throughout the world. In recent years, Torrington has expanded its worldwide business through a series of acquisitions and joint ventures in France, Germany, China and India.

Torrington had net sales of $1.1 billion for the year ended December 31, 2001 and $912.4 million for the nine months ended September 30, 2002, employs approximately 10,500 people and operates 27 plants throughout the world. Torrington has two business divisions: automotive engineered solutions and industrial engineered solutions. Torrington s 2001 net sales were about evenly split between its two divisions.

The Torrington automotive business manufactures a variety of products, including roller and needle bearings and other components used in an automobile s transmission, chassis, steering column and engine. Many of these products, such as column locks and rotary tilt products for steering columns, are highly engineered with precision technology, and are specially designed through collaborative efforts between Torrington and its customers. These products are primarily sold to original equipment manufacturers, or OEMs, including large automobile manufacturers, and their principal suppliers. We believe that Torrington has created a high degree of customer loyalty as a result of this collaborative process and customization.

The Torrington industrial business produces a broad range of products, including roller bearings, needle bearings, wider inner ring ball bearings and housed units, radial ball bearings, super precision ball bearings, airframe control bearings, precision machined bearings and precision components and assemblies. These products are sold to OEMs, as well as through a global aftermarket network.

Strategic Benefits of the Torrington Acquisition

We expect to realize a number of strategic and competitive benefits as a result of the Torrington acquisition, including the following:

- *Expanding our global presence and market share.* The Torrington acquisition will combine our global leadership position in tapered roller bearings with Torrington s leadership position in needle roller bearings. We expect the Torrington acquisition to provide us with opportunities to expand our geographic presence and enhance our industry coverage through increased scale and a stronger international distribution network, particularly in Europe and Asia. We expect this expanded global reach to enable us to compete more effectively with established worldwide firms and regional competitors, although we will also become more susceptible to the risks associated with international operations. Nevertheless, we believe that with Torrington, our combined global presence and enhanced product lines will better position us to capitalize on the trend among customers toward consolidating suppliers of their bearings and steel products.

Strengthening our core automotive business with a complementary product offering. We expect the Torrington acquisition to enhance our ability to produce a broader range of products for use in the automotive powertrain. The powertrain is the area of the vehicle that includes the engine and the driveline (primarily the transmission and axle) and uses both bearings and precision engineered solutions. We believe Torrington s highly engineered, value-added powertrain product portfolio complements our existing wheel hub (the technology used in automotive wheel-ends) portfolio and driveline solutions, will enable us to offer greater system design capability and will provide us with a broader product offering to better serve our customers. We expect future design change and growth in both the powertrain and wheel hub areas.

Broadening our industrial product portfolio. We expect the Torrington acquisition to strengthen our existing industrial business by broadening our product base and increasing our cross-selling opportunities, resulting in an increase in the penetration of our products into a broader installed base. In order to capitalize on these opportunities, we may have to overcome difficulties and incur costs in connection with retraining our skilled engineers and sales personnel, coordinating geographically diverse organizations and retooling and reprogramming our equipment and information technology systems. Ultimately, we believe the Torrington acquisition will enable us to achieve economies of scale with our customers and improve our service capabilities, providing us with more opportunities to become a preferred supplier to our customers. We believe the Torrington acquisition will expand our presence in the industrial service and aftermarket businesses and will enhance our position as a leading supplier of bearings and related products to the industrial aftermarket worldwide.

Increasing cost savings and manufacturing efficiencies. We intend to integrate Torrington into our operations by combining Torrington s automotive engineered solutions business with our automotive bearings segment and Torrington s industrial engineered solutions business with our industrial bearings segment. We believe we can generate incremental cost savings throughout the combined company, by realizing economies of scale, rationalizing facilities to consolidate manufacturing operations, combining engineering and technology efforts and eliminating duplicative distribution and back office systems. In connection with the Torrington acquisition, we believe we can achieve estimated pre-tax savings of approximately $80 million by the end of 2005 before implementation costs, including estimated pre-tax savings of approximately $20 million by the end of the first year following the acquisition. These savings are in addition to the savings described above relating to our strategic manufacturing initiative. We may not, however, be able to realize the anticipated cost savings or other benefits from the integration of Torrington, either in the amount or the time frame we currently expect, and the costs of achieving these benefits may be higher than we currently expect.

Enhancing our technology innovation platform. We believe that Torrington has one of the most flexible and responsive product development programs in the bearing industry. We expect to leverage the best practices of Torrington s product development programs across our core bearings technology and to apply our strong research focus across Torrington s product line. Although we may face initial challenges in consolidating functions and integrating procedures and technologies, we anticipate that ultimately these dual efforts will enable us to develop value-added products and to better meet the needs of our customers.

Financing of the Torrington Acquisition

We intend to finance the Torrington acquisition and the costs and expenses relating to that acquisition through:

this offering of 11 million shares of our common stock;

the issuance of approximately $140 million worth of shares of our common stock to Ingersoll-Rand in a private placement; and the incurrence of additional debt, including:

approximately $188 million of borrowings under our new revolving credit facility, approximately $27 million of which will be used to pay off existing commercial paper obligations;

the net proceeds from the concurrent public offering of up to $ million of our senior unsecured notes; and

up to $125 million of borrowings under our new accounts receivable facility.

Competitive Strengths

We believe that our core strengths provide us with a competitive advantage that has allowed us to remain consistently at the forefront of our industries. We believe the Torrington acquisition will enhance our competitive strengths, which include:

Being a leading worldwide manufacturer of anti-friction bearings and alloy steel. We are a leading global manufacturer of highly engineered bearings, alloy and specialty steel and related components, with operations on six continents. Over the course of our more than 100-year history, we have become the world s largest manufacturer of tapered roller bearings and alloy seamless mechanical steel tubing. Torrington is a leading manufacturer of needle roller, heavy-duty roller and ball bearings and motion control components and assemblies. With the acquisition of Torrington, we will have global leadership positions in the needle and tapered roller bearing and alloy steel industries. Maintaining this leading position in the global markets for bearings and steel will depend on the success of our operating plans, including our ability to achieve fully the benefits of our strategic manufacturing initiative and successfully integrate Torrington into our operations.

A comprehensive product offering with leading brands. We offer a broad array of products and services in the industries in which we operate. Many of our and Torrington s brands have an extensive history within the bearing industry and are well known for their quality, reliability and performance. We believe our brand name recognition and customer awareness help us to capture additional business, as well as to maintain existing customers, particularly as our customers look to reduce their supplier base.

A diverse business mix and customer base. We provide our products and services to a wide range of industries and customers, which reduces our dependence on particular geographic or industry segments. We serve a diverse range of industries, including automotive, construction, aerospace and defense, agriculture, mining, metals, rail, energy, machine tool and general industrial. Many of these industries, however, are cyclical, and our exposure in these areas could negatively impact our business during general economic or industry-specific downturns. Our customers include both OEMs and aftermarket distributors. We expect the Torrington acquisition to complement our existing customer base and enhance our industrial aftermarket sales, allowing us to offset to some extent the cyclicality within the industries we serve.

Global manufacturing capabilities. Our extensive global manufacturing network allows us to provide our products to our worldwide customers efficiently. We continue to focus on lowering our cost structure by creating focused factories for each product line or component, reducing our fixed costs and increasing production at our lowest cost plants. We also continue to implement Lean Six Sigma into our manufacturing and business processes to further improve quality and productivity. We intend to apply these techniques within the combined company to further reduce our overall cost structure. Our ability to reduce costs, however, is dependent on many complex factors, including economic conditions, severance requirements and engineering achievements, as well as our ability to implement changes to our existing operations without disruption.

An experienced management team. Our executive management team has on average more than 19 years of experience with our company. In addition, our operational management team has substantial materials science expertise and engineering capabilities, which provide them with a distinctive skill set to apply to the bearing industry. As a result of their specialized knowledge, this team has developed strong relationships with, and an intimate understanding of, our customers, as well as the industries we serve.

Business Strategy

Our strategy is to achieve profitable growth by continuing to pursue the following initiatives:

Build on our customer centric focus to further partner with customers and diversify our customer base. We work collaboratively with our customers in our research and development efforts to allow us to manufacture products that fit our customers individual requirements, cost less and provide improved performance. We intend to continue to work closely with our customers to provide significant product improvements, create differentiated products and distribute our products efficiently. We believe this partnership approach creates significant brand equity, fosters long-term relationships with our customers and positions us to expand our already diverse customer base. For example, by providing integrated products that meet our customers needs, we are able to offer our customers higher value-added solutions. Other examples of this partnership approach are the several e-business initiatives we have implemented to better serve our industrial distribution customers and expand our distribution capabilities worldwide.

Leverage our technology and engineering competencies to introduce complementary new products. Since 1999, we have invested approximately $50 million annually into our research and development efforts to generate new revenue, reduce costs, develop more comprehensive solutions for our customers and enhance our manufacturing efficiency. We plan to continue leveraging our significant research and development investments and engineering expertise to develop highly differentiated and customized products and to produce them more efficiently for our customers.

Continuously improve our manufacturing processes. Through our strategic manufacturing initiative, we have put into place additional training and personnel needed to further drive process improvements, including our Lean Six Sigma effort. Using Lean Six Sigma, we seek to improve our overall manufacturing processes by reducing cycle time, inventory and floor space, which results in higher returns on our invested capital. We also intend to continue to enhance our productivity and reduce costs through process improvements achieved through research and development and changes driven by skilled plant managers.

Expand our international presence. Over the last 10 years, we have opened or acquired new manufacturing and distribution facilities in the United Kingdom, France, Mexico, Singapore, the Netherlands and Italy and expanded our lower cost bearing manufacturing centers in Poland, Romania and China. We have also formed joint ventures in emerging markets such as Brazil and China. These facilities further expand our more than 80-year international presence, improve our overall cost position and enable us to better meet customer demand for local sourcing of products. We seek to continue our strategy of international expansion, including through the Torrington acquisition, which will enable us to further develop our presence in Europe and Asia and provide additional opportunities for us to benefit from globalization.

We are incorporated in the State of Ohio. Our principal executive offices are located at 1835 Dueber Avenue, S.W., Canton, Ohio 44706-2798. Our telephone number is (330) 438-3000.

Recent Financial Information

The Timken Company

On January 22, 2003, we announced our earnings for the year ended December 31, 2002. The following table presents important financial results for 2001 and 2002:

	Year Ended December 31,		Three Months Ended December 31,	
	2001	2002	2001	2002
		(unaudited)	(unaudited)	
	(in thousands, except per share data)			
Statement of Operations Data:				
Net sales	$2,447,178	$2,550,075	$ 573,575	$ 644,898
Gross profit	400,720	469,577	80,672	115,372
Impairment and restructuring charges	54,689	32,143	5,284	7,157
Operating (loss) income	(17,652)	78,568	(11,640)	15,728
Income (Loss) before cumulative effect of change in accounting principle, as reported	(41,666)	51,451	1,218	36,466
Cumulative effect of change in accounting principle		(12,702)		
Net income (loss)	(41,666)	38,749	1,218	36,466
Earnings (loss) per share, as reported[1]	(0.69)	0.63	0.02	0.58
Diluted earnings (loss) per share, as reported[2]	(0.69)	0.62	0.02	0.57
Weighted-average shares outstanding	59,948	61,128	59,841	63,347
Diluted weighted-average shares outstanding [3]	59,948	61,635	59,955	63,758
Balance Sheet Data (as of end of period):				
Cash and cash equivalents	$ 33,392	$ 82,050	$ 33,392	$ 82,050
Total assets	2,533,084	2,748,356	2,533,084	2,748,356
Total debt	497,015	461,219	497,015	461,219
Shareholders equity	781,735	609,086	781,735	609,086
Other Data:				
Net cash provided by operating activities	$ 179,871	$ 200,199	$ 144,348	$ 111,143
Net cash used by investing activities	(99,334)	(73,508)	(36,332)	(32,908)
Net cash used by financing activities	(55,487)	(80,507)	(99,755)	(34,616)
Depreciation and amortization	152,467	146,535	38,452	35,579

(1) Basic earnings per share before cumulative effect of change in accounting principle was $(0.69) and $0.84 for the years ended December 31, 2001 and 2002, respectively, and $0.02 and $0.58 for the three months ended December 31, 2001 and 2002, respectively.
(2) Diluted earnings per share, as reported, is calculated by dividing net income (loss), which includes goodwill amortization in all periods prior to January 1, 2002, by the diluted weighted-average number of shares of common stock outstanding. Diluted earnings per share before cumulative effect of change in accounting principle was $(0.69) and $0.83 for the year ended December 31, 2001 and 2002, respectively, and $0.02 and $0.57 for the three months ended December 31, 2001 and 2002, respectively.
(3) Computed by adjusting the weighted-average number of shares of common stock outstanding for the dilutive impact of the potential issuance of shares of common stock upon exercise of outstanding stock options.

For the year ended December 31, 2002, we reported sales of $2.6 billion, a 4% increase from 2001. We had income before cumulative effect of change in accounting principle of $51.4 million, or $0.83 per diluted share, in 2002 versus a loss of $41.7 million, or $0.69 per diluted share, in 2001. Including a goodwill impairment write-off of $12.7 million after taxes reflecting the cumulative effect of change in accounting principle, we had net income of $38.7 million, or $0.62 per diluted share, in 2002. Excluding the $50.2 million and $29.6 million payments (net of expenses) we received under the U.S. Continued Dumping Subsidy Offset Act, or CDO, in 2002 and 2001, respectively, restructuring and reorganization charges and adjustments for goodwill amortization, net income in 2002 was $53.3 million, or $0.87 per diluted share, versus $0.7 million, or $0.01 per diluted share, in 2001. Net debt at the end of 2002 was $379.2 million, down 18.2% from $463.6 million at the end of 2001.

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Net income for the three months ended December 31, 2002 was $36.5 million, or $0.57 per diluted share, versus $1.2 million, or $0.02 per diluted share, in the same period of 2001, when the economy was particularly weak. Net sales were $644.9 million for the three months ended December 31, 2002, 12% above the $573.6 million recorded during the same period in 2001, despite a decline in U.S. industrial production in the fourth quarter of 2002 and a continued sluggish U.S. and global economy. However, strong automotive markets in North America, the impact of our strategic manufacturing initiative and the higher CDO payment improved results in the fourth quarter of 2002. Excluding the CDO payment, restructuring and reorganization charges and adjustments for goodwill amortization, fourth quarter 2002 net income was $12 million, or $0.19 per diluted share, compared to a loss of $11.4 million, or $0.19 per diluted share, during the same period in 2001.

Pension-related factors affected our financial results in 2002. Lower investment performance in 2002, caused by lower stock market returns and a decline in prevailing interest rates, increased our defined benefit pension obligations. This increase, as well as our ongoing practice of managing our funding obligations over time, have led us to determine to prepay a portion of our funding obligations under our pension plans. In 2002, we contributed $106.4 million to our domestic pension plans, $54.5 million of which consisted of shares of our common stock. As a result of a negative 6% return on our domestic pension investments and a reduction in our discount rate from 7.5% to 6.6%, we recorded a $401.6 million equity-related minimum pension liability increase in 2002. This reduced shareholders equity by $254.3 million and increased deferred tax assets by $147.3 million. As a result of declines in the financial markets, we are changing our assumption for expected rate of return on plan assets from 9.5% to 8.75% for 2003. We expect that this change, along with the lower discount rate, will result in an increase in 2003 pretax pension expense of approximately $25 million.

For the year ended December 31, 2002, our automotive bearings segment reported net sales of $840.8 million compared to $751.0 million for 2001, our industrial bearings segment reported net sales of $883.5 million compared to $882.3 million for 2001, and our steel segment reported net sales of $981.3 million (including intersegment sales of $155.5 million) compared to $960.4 million (including intersegment sales of $146.5 million) for 2001. For the three months ended December 31, 2002, our automotive bearings segment reported net sales of $210.8 million compared to $185.3 million for the same period in 2001, our industrial bearings segment reported net sales of $225.3 million compared to $204.2 million for the same period in 2001, and our steel business segment reported net sales of $240.7 million (including intersegment sales of $31.8 million) compared to $216.1 million (including intersegment sales of $32.0 million) for the same period in 2001.

Torrington

On January 23, 2003, Ingersoll-Rand announced earnings for the year ended December 31, 2002, including financial results for Torrington. The following table presents financial results for 2001 and 2002 for Torrington. We derived the financial results for 2001 set forth below from Torrington s audited combined financial statements for the year ended December 31, 2001.

	Year Ended December 31,	
	2001	2002
		(unaudited)
	(in thousands)	
Statement of Income Data:		
Total net sales	$1,088,712	$1,215,952
Restructuring charges	19,338	3,040
Allocated Ingersoll-Rand costs	21,812	21,727
Operating income	77,453	110,114
Other income	25,209	37,488
Income before income taxes(1)	84,356	131,163
Net earnings	47,819	77,455
Balance Sheet Data (as of end of period):		
Total assets	$1,013,362	$1,040,857
Total debt	16,414	11,579
Business equity	170,588	223,966
Other Data:		
Net cash provided by operating activities	$ 103,633	$ 140,370
Net cash used in investing activities	(54,391)	(35,300)
Net cash used in financing activities	(52,591)	(97,017)
EBITDA(2)	147,034	199,950
Depreciation and amortization	44,372	52,348

(1) Income before income taxes included approximately $48 million and $68 million (net of expenses) in pre-tax benefits received under the CDO for the years ended December 31, 2001 and 2002, respectively.

(2) EBITDA is a measurement not calculated in accordance with GAAP. We define EBITDA as operating income plus other income (expense) plus depreciation and amortization. We do not exclude from operating income for purposes of calculating EBITDA (a) restructuring expenses for the years ended December 31, 2001 and 2002 of $19.3 million and $3.0 million, respectively, and (b) CDO payments (net of expenses and reserves) for the years ended December 31, 2001 and 2002 of $25.3 million and $35.3 million, respectively. We also do not exclude from other income (expense) additional CDO payments for the years ended December 31, 2001 and 2002 of $22.4 million and $32.8 million. The total pre-tax income related to the CDO payment for the years ended December 31, 2001 and 2002 was $47.7 million and $68.1 million, respectively. EBITDA for the years ended December 31, 2001 and 2002 includes $21.8 million and $21.7 million of allocated Ingersoll-Rand costs for services provided to Torrington. We estimate that we would have incurred approximately $7.4 million annually to provide these services to Torrington for the years ended December 31, 2001 and 2002. We do not intend EBITDA to represent cash flows from operations as defined by GAAP, and you should not consider it as an alternative to net income, cash flows from operations or any other item calculated in accordance with GAAP, or as an indication of our operating performance. Our definition of EBITDA may not be comparable with EBITDA as defined by other companies. EBITDA is commonly used as an analytical indicator in our industries and also serves as a measure of leverage capacity and debt servicing ability. Following is a reconciliation of EBITDA to operating income:

	Year Ended December 31,	
	2001	2002
		(unaudited)
	(in thousands)	

Operating income	$ 77,453	$ 110,114
Other income	25,209	37,488
Depreciation and amortization	44,372	52,348
EBITDA	$ 147,034	$ 199,950

The Offering

Common stock offered by us in this offering	11,000,000 shares
Common stock outstanding after the offering	82,125,341 shares
Use of proceeds	We expect to use the net proceeds from this offering and our concurrent notes offering, together with additional debt financing, to finance the cash consideration we will pay for the Torrington acquisition. The closing of this offering is conditioned on the closing of the Torrington acquisition. See Use of Proceeds.
New York Stock Exchange symbol	TKR
Risk factors	You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus. In particular, you should evaluate the information set forth in the section of this prospectus supplement entitled Risk Factors beginning on page S-17 before deciding whether to invest in our common stock.

The number of shares of our common stock shown above to be outstanding after this offering is based on the number of shares of our common stock outstanding as of December 31, 2002, together with an assumed 7,713,499 shares of common stock, approximately 9.4% of our then outstanding shares, that we expect to issue to Ingersoll-Rand in connection with the Torrington acquisition, based on a closing sale price of our common stock of $18.15 per share on January 27, 2003. The number of shares of our common stock shown above excludes:

7,310,026 shares of our common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $21.21 per share; and